



Uni Select Inc. Is Trading Near its 52-Week Low: Time to Buy?

Description

If you are looking for a stock in the automotive industry, here is one you might want to consider: **Uni Select Inc.** ([TSX:UNS](#)). The company, founded in 1968, is a distributor of automotive parts and paint with business in North America and the United Kingdom.

Let's see what the stock is doing right now and why you might want to add it to your Foolish portfolio.

Uni Select Inc. by the numbers

The company reported second-quarter earnings at the end of July. Uni Select beat analyst expectations with earnings per share of US\$0.39. This just missed 2016's second-quarter results by 2.50%. Uni Select has a profit margin of 4.39%, comparable to others in the industry. For comparison, **Magna International Inc.** ([TSX:MG](#))([NYSE:MGA](#)) has a profit margin of 5.87%, and **Martinrea International Inc.** ([TSX:MRE](#)) has a profit margin of 3.88%. Over the last three years, earnings growth has averaged 39.93% annually, better than the industry average of 20.45%.

The company has a debt-to-net-equity ratio of 1.17, so Uni Select has slightly more debt than equity right now.

Uni Select currently trades much closer to its 52-week low of \$26.03 than its high of \$37.03. Analysts expect it to trade in the \$32-37 range over the next 12 months. If they are right, this stock is due for a rebound. Uni Select currently has a trailing P/E ratio of 17.20.

For income investors, Uni Select offers a small dividend. The indicated annual dividend is \$0.37 per share for a yield of 1.37%. The dividend offering has steadily increased over the last five years, so it's trending in the right direction.

Many auto parts stocks took a large hit over the summer, including Uni Select. However, the company is positioned a little differently than many of its counterparts, which should help it in the long term. Uni Select sells most of its parts to car repair shops. Many analysts thought Uni Select was unfairly lumped in with the companies that sell parts to the “do it yourself” market instead. It was those auto companies that took a drubbing this summer.

What's new at Uni Select

The company has been making interesting acquisitions in the U.K. this year. Earlier this month, one of Uni Select's subsidiaries announced it had acquired Blackburn Brakes Holding Ltd., a distributor of U.K. auto parts. In June, Uni Select agreed to buy Parts Alliance, a large auto parts distributor in the U.K. This is a company that's working to strengthen its position in one of its biggest markets.

Investor takeaway

While its Q2 results could have been a little better, Uni Select looks good overall and seems to be positioned for a price gain over the next year. If you are looking for a new investment right now, Uni Select deserves your consideration.

CATEGORY

1. Investing

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1. NYSE:MGA (Magna International Inc.)
2. TSX:MG (Magna International Inc.)
3. TSX:MRE (Martinrea International Inc.)
4. TSX:UNS (Uni-Select)

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